

SUMMARY ANALYSIS OF AMENDED BILL

Author: Kaloogian, et al. Analyst: Kristina North Bill Number: AB 2110

Related Bills: See previous analysis Telephone: 845-6978 Amended Date: 4-15-98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: School Tuition Organization Credit/FTB Report Fiscal Impact To Legislature

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO NO POSITION.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED FEBRUARY 18, 1998, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and Bank and Corporation Tax Law (B&CTL), this bill would authorize a credit equal to any voluntary cash contributions made to a school tuition organization, up to \$500.

SUMMARY OF AMENDMENT

The April 15, 1998, amendment requires a school tuition organization to provide a contribution receipt to the taxpayer which includes the date and amount of contribution and a statement that:

- ◆ the contribution will be distributed to a qualified school;
- ◆ the contribution will not be used to pay or offset tuition or any other costs of the taxpayer's dependent(s) or, in the case of a bank or corporation, the dependent(s) of the taxpayer's key employees;
- ◆ the school tuition organization meets all requirements for a "school tuition organization."

The taxpayer is required to provide a copy of the receipt to the Franchise Tax Board, upon request.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N X NP
___ NA ___ NAR
_____ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved _____
Position Disapproved _____
Position Noted _____

Department/Legislative Director Date

Johnnie Lou Rosas 4/28/98

Agency Secretary Date

By: Date:

The April 15, 1998, amendment disallows the credit if the taxpayer designates or the organization utilizes a donation to the school tuition organization to pay or offset the tuition or other costs of the taxpayer's dependent(s), or in the case of a bank or corporation, the taxpayer's key employees' dependent(s). "Key employees" is defined by reference to the Internal Revenue Code.

These amendments resolved the department's implementation concerns. Except for those implementation concerns, the department's analysis of this bill as introduced February 18, 1998, still applies. The policy considerations which still apply are restated as follows.

Policy Considerations

This bill would provide an unprecedented 100% credit for qualified contributions up to \$500 per taxable or income year.

While single taxpayers would be allowed a \$500 credit, a husband and wife filing separately would be limited to \$250 each.

This bill does not contain a sunset date so the Legislature may review its effectiveness.

BOARD POSITION

No Position.

At its meeting on March 26, 1998, the Franchise Tax Board considered this bill but took no position. Julie Bornstein, on behalf of Controller Kathleen Connell, was neutral. Member Dean Andal was in support and Robin J. Dezember, on behalf of Member Craig L. Brown, abstained.